

MAINE REVENUE SERVICES

TAX STATUS FOR MAINE INCOME TAX OF INTEREST INCOME FROM GOVERNMENT OBLIGATIONS

<u>Direct Obligations of U.S. Government</u>	<u>Subject to Maine Income Tax</u>
U.S. Savings Bonds – all states	No
U.S. Retirement Plan Bonds	No
U.S. Treasury Bonds	No
U.S. Treasury Bills	No
U.S. Treasury Notes	No
U.S. Depository Bonds	No
U.S. Certificates of Indebtedness	No
<u>Obligations of Organizations Created or Sponsored by U.S. Government</u>	
Student Loan Marketing Association, SLMA (Sallie Mae)	No*
Government National Mortgage Association, GNMA (Ginnie Mae)	Yes
Federal National Mortgage Association, FNMA (Fannie Mae)	Yes
Federal Home Loan Mortgage Corp., FHLMC (Freddie Mac)	Yes
Federal Home Loan Banks, FHLB	No*
Federal Housing Administration, FHA:	
Bonds	No*
Certificates of Claim	Yes
Federal Farm Credit System Banks, FCS	
Land Banks for Cooperatives	No*
Federal Intermediate Credit Banks	No*
Federal Land Banks	No*
Farmers Home Administration, FMHA:	
Bonds	Yes
Certificates of Beneficial Ownership	No*
Export – Import Bank of the U.S.	Yes
<u>Obligations of other Governmental Entities and Organizations</u>	
State of Maine	No

Maine Municipalities	No
Maine Municipal Bond Bank	No
Maine Turnpike Authority	No
Housing Authority of Maine (HOME)	No
Finance Authority of Maine (FAME) – All Bonds	No
Obligations of states, municipalities and Territories outside Maine, unless specific Exemption granted by U.S. Congress	Yes
Puerto Rico government – all bonds	No*
Local housing authorities in District of Columbia, Guam and U.S, Virgin Islands If exempt from federal tax	No*
Local housing authorities in states other than Maine	Yes
Tennessee Valley Authority (TVA) – all bonds	No*
Foreign Government bonds	Yes
International Bank for Reconstruction & Development	Yes
Inter-American Development Bank	Yes

*Exemption from all state and local income taxes granted by a specific federal law.

Money Market Funds:

A fund sold by a firm recognized as a regulated investment company by Internal Revenue Service may pass through to the shareholders tax exempt interest and dividends permitting the income to retain its original character. The statement received by shareholders notifies them whether the income is exempt from federal tax..

Under a repurchase agreement, Money Market or Mutual Fund income does not retain its original character. In this case, the court has ruled that the fund, not the taxpayer, owns the bonds.

Nuveen Bonds:

Nuveen Bonds are municipal bonds from all over. The taxpayer should receive a statement advising him what states are involved. If the bonds originate in Maine they are not taxable. If the bonds originate outside Maine they are taxable.

References: Moody's Municipal and Government Manual
Handbook of Securities of the United States Government and Federal Agencies.